

Overview of FY 2009 Recommended Budget Bay County, Michigan

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2009
STRATEGIC PRIORITIES
COUNTY OF BAY

Quality Taxpayer Services

Strong Financial Management

A Productive Workforce

An Improving Quality of Life

Excellent Communication

FY 2009 Budget Highlights

A balanced budget was submitted by the statutory deadline.

The levied tax rate (5.7257 mills) for general fund operations will again **not** increase.

The county's tax base, as measured by "total county taxable value," is projected to increase by \$40 million, from \$3.112 billion in 2007 to \$3.152 billion, a 1.3% increase.

New construction in 2008 increased taxable property values by \$59.5 million.

Total county spending from **all** funds: \$116.0 million.

Overall **general fund** expenditures will **decrease** by 3.5% (\$1,246,018) from the projected FY 2008 adjusted budget, from \$35.3 million to \$34.0 million, mostly due to a loss of federal grant funds.

Total property tax revenues to the **General Fund** are projected to equal \$17.5 million, which represents approximately 51.3% of the overall budget.

As of 1-1-2008, General Fund and Budget Stabilization Fund unreserved/undesignated fund balances equaled \$4.5 million.

12.7% of the 2008 adjusted budget, which is an increase of \$380,409 or 9.28%.

**General Fund Unrestricted/Undesignated
Fund Balance Plus Budget Stabilization Fund
FY 1993 to FY 2007**

Fiscal Year -----	Fund Balance -----
1993	\$2,040,581
1994	2,748,256
1995	3,449,843
1996	3,181,967
1997	2,777,218
1998	2,359,218
1999	3,129,398
2000	3,063,300
2001	2,785,011
2002	3,463,397
2003	2,638,578
2004	3,247,167
2005	3,414,035
2006	4,095,915
2007	4,476,324

FY 1993 to FY 2007 increase: \$2,435,743 (119.4%).

FY 2007 Combined fund balance equal to 13.16%
of projected FY 2009 expenditures.

Major Revenue Sources

Total Revenues	\$34,012,788
Property Taxes	\$17,457,665
Charges for Services	\$ 3,024,084
Federal Grants	\$ 2,129,904
State Grants	\$ 1,925,581
Revenue Sharing Reserve Fund	\$ 1,930,057
Fines & Forfeitures	\$ 921,000
Investment Income	\$ 283,000

State Revenue Sharing Payment FY 2000 to FY 2008

	SRS Payments	SRSR TRFS To Gen. Fund
FY 2000	\$2,174,910	
FY 2001	\$2,096,130	
FY 2002	\$2,032,488	
FY 2003	\$1,792,565	
FY 2004	\$ 656,680	\$1,512,106*
FY 2005	\$ -0-	\$2,146,995*
FY 2006	\$ -0-	\$2,015,599
FY 2007	\$ -0-	\$1,926,006
FY 2008	\$ -0-	\$1,407,719
FY 2009	\$ -0-	\$1,930,057

*An additional \$159,511 was transferred to the Mosquito Control, 911 Central Dispatch, Division on Aging, Medical Care Facility, Historical Preservation and Library System funds in 2004 and 2005 bringing the total transferred to \$1,671,616 and \$2,306,506 respectively.

Key Revenue Assumptions & Policy Recommendations

Tax Base Growth Assumptions.

Due to the change in state law as part of the elimination of state revenue sharing, the County General Fund will levy its taxes in July 2009 as opposed to December 2008. Therefore, we assume the county taxable values for real and personal property will conservatively increase 1.5% and 0% respectively over the taxable value identified in the Equalization Departments June 2008 letter.

State Revenue Sharing.

In 2004 State Revenue Sharing to counties was eliminated.

Counties can now draw down State Revenue Sharing payments from the new Revenue Sharing Reserve Fund which is funded by accelerated property tax payments.

Transfers from the Revenue Sharing Reserve Fund in 2008, exclusive of the Single Business Tax transfer, will be \$1,930,057, a reduction of \$244,853 from the 2000 State Revenue Sharing high of \$2,174,910.

The FY 2009 transfer (\$1,930,057) is \$522,338 greater than the FY 2008 transfer.

Delinquent Tax Fund.

The \$997,375 transfer from the Delinquent Tax Fund (D.T.F.) is a 3.6% increase of \$34,860 over the 2008 transfer of \$962,515.

Since FY 1980, the Delinquent Tax Fund has earned \$32.8 million in income while only \$27.6 million has been withdrawn.

Investment Income.

FY 2009 estimated investment income will decrease \$720,566 (72.0%) from FY 2000 levels and decrease \$292,000 (50.8%) from 2008 estimate.

FY 2000: \$1,003,566

FY 2008: \$ 575,000 projected

FY 2009: \$ 283,000 projected

Indirect Cost Transfer to the General Fund.

Up 11.68% (\$167,782) from FY 2008 levels.

FY 2008: \$1,436,741

FY 2009: \$1,604,523

Federal Prisoners Jail Keep.

FY 2009 federal jail keep revenues of \$200,000 are expected to be 60% below FY 1995 levels (\$504,069) and \$30,000 greater than 2008.

Register of Deeds Recording Fees.

Projected FY 2009 fees (\$252,000) down 21.0% (\$68,000) from FY 2008.

Net FY 2009 General Fund Spending Selected Departments*

Sheriff(All activities)	\$5,469,441
Probate Court & Child Care Fund	\$1,986,592
Prosecuting Attorney	\$1,586,908
Criminal Legal Defense	\$1,169,383
Circuit Court & Jury	\$1,081,201
Friend of the Court	\$ 477,782
Animal Control	\$ 382,387
Community Center/Pool	\$ 141,670
Parks Maintenance	\$ 132,936

* Net cost to the general fund after revenues taken into account.

Key Expenditure Assumptions & Policy Recommendations

Personnel Services.

In FY 2009 \$20.8 million of the total general fund budget is allocated for wages, health insurance, and related direct employee expenses. Spending will increase 2.6% (\$525,790) over FY 2008 budgeted levels of \$20.1 million.

Total county employment from June, 2002 to June, 2008 is down 8.62%, from 708 employees to 647 employees, a reduction of 61 positions.

Employer Health Insurance.

Health insurance costs for active employees from **all funds** will remain at the 2008 level of \$7.7 million.

General fund costs are projected to increase 8.1% (\$196,349) over FY 2008 levels, from \$2,428,529 to \$2,624,878 as a result of the rates developed by the County's consultants, which are based, in part, on Blue Cross Blue Shield actuarial projections.

Enrollment increased slightly from 472 in 2006 to 480 in 2007. "Claims paid" increased 5.2% from \$3,217,325 in FY 2006 to \$3,383,642 in FY 2007 compared to a 21.3% increase from FY 2005 to FY 2006.

Medicare Part D.

The FY 2009 budget assumes that \$74,675, a decrease of \$5,325 from FY 2008 (\$80,000), will be collected in all funds as a result of the changes made to the federal medicare prescription drug benefit.

Retirees Health Insurance.

Total county health Insurance costs for retirees will decrease (\$50,000) from \$1.48 million in FY 2008 to \$1.43 million in FY 2009.

General fund retiree health insurance costs are projected to decrease by \$40,087 (5.0%), from \$809,124 in FY 2008 to \$769,037 in FY 2009 as a result of the rates developed by the County's consultants, which are based, in part, on Blue Cross Blue Shield actuarial projections. In 1995, retirees health insurance was \$179,332.

Cost of Living Raises.

2009 budget includes projected wage increases of 2% for all full time and part time employees and elected officials. Contracts for all bargaining units will expire on 12-31-2008.

Employer-Employee Retirement Contributions.

Preliminarily, as of December 31, 2007 the general county group in the retirement system has a funded ratio of 132%. As a result, no employer contributions to the pension system are anticipated.

Over the last twelve years **employer** contributions have not had to be made to the pension system because of it's over-funded status. Future contributions will be directly influenced by the system's return on investment.

V.E.B.A.

In 2001 the county began to make contributions to a V.E.B.A in order to begin to set aside funds **today** to help pay for **future** retiree health insurance costs. Since 2001, over \$5.90 million in contributions have been made to the fund.

Aging & Health Services.

Continued significant financial support for a broad range of services to our older residents will continue, including our home based personal care services program.

All existing senior meal sites throughout the county will continue to operate and publication of the Wonderful Times senior newsletter will continue.

The Bay-Arenac Behavioral Health Authority agency will continue to receive an appropriation of \$682,242.

Liability Insurance.

No increase from FY 2008 level of \$491,670 is expected in FY 2009.

Recreation.

Summer recreation programs, operated and financed in cooperation with local schools and community organizations will be funded at the same level as 2007. The programs are partially funded by fees charged to summer participants.

Homeland Security.

Grant funded homeland security expenditures of \$493,940.

Technology.

General Fund investment in computer hardware has \$10,000 budgeted for contingency and \$4,885 is budgeted for department requests. \$20,000 is budgeted for a server for Cherry Lan expansion contingency, \$3,000 for VPN connectors and \$13,600 for miscellaneous hardware for Region 3-LETPP.

The budgeted computer software expense has \$10,000 for contingency and \$2,785 of software requests from departments, \$21,400 for Cherry Lan file storage software and \$25,000 for miscellaneous software for Region 3-LETPP.

\$12,500 is included for further Web Page expansion.

Public Utilities Costs.

General Funds costs are up \$57,000 (5.2%) from \$1,085,500 in FY 2008 to \$1,142,500 in FY 2009.

Buildings & Grounds/Capital Expenditures.

An additional \$336,583 in maintenance and capital expenditures, exclusive of technology purchases, are budgeted in the General Fund. These funds will support:

1. \$85,000 for road patrol and transport vehicles.
2. \$53,583 in ongoing maintenance of existing county facilities will continue, based on our rolling five-year preventive maintenance investment strategy.
3. \$154,000 for Region 3 SHSGP (426.18) and LETPP (426.19) grant purchases.
4. \$30,000 for developing the north parking lot and \$4,000 for seal coating the south parking lot of the Civic Arena and \$9,500 for Civic Arena to replace the snow melt pit coil.

Community and Economic Development.

Continued financial support (\$50,000) to Bay Future for county-wide economic development efforts.

An additional \$25,000 is included for a specific business expansion/attraction effort.

In the first quarter of 2009 it is requested that the Bay Future Board recommend a specific proposal to the Board of Commissioners on how these additional funds will be invested. Board approval will be required before these funds will be spent.

Implications of a Low Growth in County Tax Base

From 2001 to 2008, statewide taxable property values grew by an average of 5.10% annually.

Bay County's taxable property values from 2001 to 2008 increased an average of 3.98% annually.

If only Bay County's taxable real property tax base had increased at the statewide average, 2008 real property tax revenues would have been \$1.188 million higher.

As a result, the County general fund would not be facing the level of serious financial difficulties.

